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SEP 1 1955

OGC Has Reviewed

MEMORANDUM FOR : Office of General Counsel

SUBJECT : Retirement Coverage of Employees Hired
by Contract

1. Attached hereto is a copy of a Memorandum for the Record prepared by a staff member of the Planning and Analysis Staff, Office of Personnel, on the subject matter.

2. It is requested that a determination be made by your Office as to whether on the basis of the verbal advice given by the Legal Staff of the Civil Service Retirement Division, the Agency should proceed to provide current Civil Service Retirement coverage to CIA contract employees who are hired without a break in service after employment in a position subject to the Act.

3. It had been our understanding that the "no break in service" rule (see R5-15, Federal Personnel Manual) had applicability only to appointed positions. We are, therefore, presently providing for such contract employees Social Security coverage. If Civil Service Retirement coverage is mandatory, are we required to make retroactive application? It should also be noted that the bulk of personnel affected will be CIA staff personnel who have resigned and accepted contract employment.

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Chief, Contract Personnel Division

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17 August 1955

MEMORANDUM FOR : The Record

SUBJECT : Retirement Coverage of Employees
Hired by Contract

1. The undersigned contacted the legal Staff of the Retirement Division this date to determine whether employees hired by contract instrument have coverage under the Retirement Act if they are hired after employment in a position subject to the Act without a break in service. I was informed that such employees have coverage under the Retirement Act and the coverage is mandatory.

2. Since this coverage applies only to employees hired by contract, it does not apply to independent contractors. Accordingly, personnel who are categorized in the Agency as independent contractors are unaffected. In most cases, consultants employed pursuant to the provisions of [] are not covered by Social Security or Civil Service retirement. However, consultants hired without a break of service following staff employment would have to meet the "employee" test in order to obtain coverage under the Retirement Act.

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(Signed)

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